

### SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL

#### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

The schedules of revenues, expenditures, and changes in fund balances – budget and actual are presented on a budgetary basis (Non-GAAP). A reconciliation of the budgetary fund balance to the GAAP fund balance is shown on the face of each schedule.

The budgetary basis of accounting is substantially the same as the modified accrual basis of accounting in all governmental funds except for the treatment of encumbrances. Encumbrances are included with expenditures in the City's budgetary basis of accounting.

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**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES – BUDGET AND ACTUAL**  
**For the Year Ended December 31, 2003**  
*(In Thousands)*

	<b>Budgeted Amounts</b>			
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Variance</b>
<b>REVENUES</b>				
Taxes	\$ 559,437	\$ 559,437	\$ 562,425	\$ 2,988
Licenses and Permits	16,626	16,626	15,955	(671)
Grants and Shared Revenues	9,283	17,306	16,208	(1,098)
Charges for Services	50,293	51,895	51,035	(860)
Fines and Forfeits	20,235	20,934	17,164	(3,770)
Parking Fees and Space Rent	53,231	53,235	36,725	(16,510)
Program Income, Interest, and Miscellaneous Revenues	2,445	2,445	8,135	5,690
Total Revenues	711,550	721,878	707,647	(14,231)
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current				
General Government	220,469	124,553	105,158	19,395
Judicial	19,630	19,769	19,314	455
Public Safety	296,604	303,278	293,966	9,312
Physical Environment	5,622	6,389	5,824	565
Transportation	914	463	578	(115)
Economic Environment	20,989	18,360	23,606	(5,246)
Health and Human Services	11,106	13,298	13,071	227
Culture and Recreation	3,740	3,740	3,753	(13)
Capital Outlay				
General Government	13,696	23,521	13,434	10,087
Judicial	22	3	-	3
Public Safety	3,621	4,397	617	3,780
Utilities and Environment	19	19	-	19
Transportation	2,525	2,525	-	2,525
Economic Environment	10,836	10,836	2	10,834
Health and Human Services	184	184	-	184
Culture and Recreation	16,271	18,749	11,450	7,299
Debt Service				
Bond Issuance Costs	8,391	9,090	6,425	2,665
Other	-	-	16	(16)
Total Expenditures and Encumbrances	634,639	559,174	497,214	61,960
Excess (Deficiency) of Revenues				
Over (Under) Expenditures and Encumbrances	76,911	162,704	210,433	47,729
<b>OTHER FINANCING SOURCES (USES)</b>				
Sales of Capital Assets	225	225	5,682	5,457
Transfers In	14,012	3,812	4,831	1,019
Transfers Out	(235,681)	(238,191)	(227,148)	11,043
Total Other Financing Sources (Uses)	(221,444)	(234,154)	(216,635)	17,519
Net Change in Fund Balance	<u>\$ (144,533)</u>	<u>\$ (71,450)</u>	(6,202)	<u>\$ 65,248</u>
Fund Balance - Beginning of Year			87,666	
Encumbrances Continued from Last Year			11,541	
Reimbursements from Last Year			2,030	
Changes in Unappropriable Reserves			(9,794)	
Fund Balance (Budgetary) - End of Year			85,241	
Adjustments to Conform to Generally Accepted Accounting Principles				
Reserves Not Available for Appropriation			17,920	
Encumbrances			12,100	
Reimbursements				
Budgeted as Expenditures			3,559	
Ending Fund Balance -GAAP			<u>\$ 118,820</u>	

The accompanying notes are an integral part of these financial statements.

# Required Supplementary Information

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## LOW-INCOME HOUSING FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL For the Year Ended December 31, 2003 (In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 4,107	\$ 4,107	\$ 11,766	\$ 7,659
Licenses and Permits	-	-	1	1
Grants and Shared Revenues	7,992	8,182	5,072	(3,110)
Charges for Services	-	-	230	230
Parking Fees and Space Rent	-	-	31	31
Program Income, Interest, and Miscellaneous Revenues	4,799	5,187	5,994	807
Total Revenues	16,898	17,476	23,094	5,618
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current				
Economic Environment	40,525	41,335	58,940	(17,605)
Capital Outlay				
Economic Environment	40,583	40,583	-	40,583
Total Expenditures and Encumbrances	81,108	81,918	58,940	22,978
Excess (Deficiency) of Revenues Over (Under) Expenditures and Encumbrances	(64,210)	(64,442)	(35,846)	28,596
<b>OTHER FINANCING SOURCES (USES)</b>				
Sales of Capital Assets	215	215	107	(108)
Net Change in Fund Balance	\$ (63,995)	\$ (64,227)	(35,739)	\$ 28,488
Fund Balance - Beginning of Year			2,278	
Encumbrances Continued from Last Year			34,126	
Fund Balance (Budgetary) - End of Year			665	
Adjustments to Conform to Generally Accepted Accounting Principles				
Encumbrances			37,293	
Reimbursements				
Budgeted as Revenues			(1,162)	
Budgeted as Expenditures			1,162	
Ending Fund Balance - GAAP			\$ 37,958	

The accompanying notes are an integral part of these financial statements.

**PENSION PLAN INFORMATION**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**December 31, 2003**  
*(In Thousands)*

The information presented in the required supplementary schedules was part of the latest actuarial valuations at the dates indicated below:

	<b>Employees' Retirement</b>	<b>Firemen's Pension</b>	<b>Police Relief and Pension</b>	<b>LEOFF Plan 1</b>	<b>LEOFF Plan 2</b>
Actuarial Valuation Date	01/01/04	01/01/04	01/01/04	09/30/02	09/30/02
Actuarial Cost Method	Entry Age	Projected Unit Credit	Projected Unit Credit	Entry Age	Aggregate <sup>a</sup>
Asset Valuation Method	Fair Value	Fair Value	Fair Value	8-Year Graded Smoothed Fair Value	8-Year Graded Smoothed Fair Value
Amortization					
Method	Level %	Level \$	Level \$	Level %/Level \$ <sup>b</sup>	N/A
Period	30 years	16.8 years	23.5 years	21 years	N/A
Approach	Open	Open	Open	Closed	N/A
Actuarial Assumptions					
Inflation Rate (CPI)	3.50%	4.00%	4.00%	3.50%	3.50%
Investment Rate of Return	7.75%	7.00%	7.00%	8.00%	8.00%
Projected Salary Increases	4.00%	4.00%	4.00%	11.70%	11.70%
Postretirement Benefit Increases	0.67%	CPI (Seattle) Increase 2% Minimum	CPI (Seattle) Increase 2% Minimum	CPI Increase	CPI Increase Maximum 3%

<sup>a</sup> The aggregate cost method does not identify or separately amortize unfunded actuarial liabilities.

<sup>b</sup> Funding is Level %; GASB is Level \$.

The accompanying notes are an integral part of these financial statements.

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## PENSION PLAN INFORMATION SCHEDULE OF FUNDING PROGRESS December 31, 2003 (In Thousands)

Retirement System	Actuarial Valuation Date December 31	Actuarial Value of Assets	Actuarial Accrued Liabilities (AAL) <sup>a</sup>	Unfunded Actuarial Accrued Liabilities (UAAL) <sup>b</sup>	Funded Ratio	Covered Payroll <sup>c</sup>	UAAL as a Percentage of Covered Payroll
Seattle City Employees' Retirement System (SCERS)	1997 <sup>d</sup>	\$1,224,600	\$ 1,266,700	\$ 42,100	96.7 %	\$341,500	12.3 %
	1998	1,375,000	1,326,600	(48,400)	103.6	370,400	(13.1)
	1999	1,582,700	1,403,100	(179,600)	112.8	383,600	(46.5)
	2000 <sup>e</sup>	1,493,100	1,490,300	(2,800)	100.2	405,000	(0.7)
	2001	1,383,700	1,581,400	197,700	87.5	405,100	48.8
	2003	1,527,500	1,778,900	251,400	85.9	424,700	59.2
Firemen's Pension Fund	1998	1,462	90,274	88,812	1.6	N/A	N/A
	1999	1,896	87,565	85,669	2.2	N/A	N/A
	2000	1,957	85,908	83,951	2.3	N/A	N/A
	2001	2,354	99,330	96,976	2.4	N/A	N/A
	2002	3,573	98,471	94,898	3.6	N/A	N/A
	2003	4,803	89,071	84,268	5.4	N/A	N/A
Police Relief and Pension Fund	1998	364	100,426	100,062	0.4	N/A	N/A
	1999	1,238	88,134	86,896	1.4	N/A	N/A
	2000	2,791	85,862	83,071	3.3	N/A	N/A
	2001	642	89,332	88,690	0.7	N/A	N/A
	2002	-	88,989	89,211	N/A	N/A	N/A
	2003	801	65,418	64,617	1.2	N/A	N/A

<sup>a</sup> Actuarial present value of benefits less actuarial present value of future normal costs based on Entry Age Actuarial Cost Method for Seattle City Employees' Retirement System and Projected Unit Credit Actuarial Cost Method for Firemen's Pension and Police Relief and Pension.

<sup>b</sup> Actuarial accrued liabilities less actuarial value of assets, funding excess if negative.

<sup>c</sup> Covered payroll includes compensation paid to all active employees on which contributions are calculated. Not applicable for Firemen's Pension and Police Relief and Pension plans. These plans primarily cover inactive participants and there are no current member contributions.

<sup>d</sup> Reflects increased COLA benefits adopted by the City Council after the valuation was completed.

<sup>e</sup> These numbers were provided by an actuarial study, rather than a full valuation (from SCERS annual report).

The accompanying notes are an integral part of these financial statements.

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**PENSION PLAN INFORMATION**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**December 31, 2003**  
*(In Thousands)*

<b>Retirement System</b>	<b>Fiscal Year Ending December 31</b>	<b>Covered Employee Payroll <sup>a</sup></b>	<b>Actual Employer Contribution <sup>b</sup></b>	<b>Actual Employer Contribution % <sup>b</sup></b>	<b>Annual Required Contribution (ARC) <sup>c</sup></b>	<b>Percentage of ARC Contributed</b>
Seattle City Employees' Retirement System (SCERS)	1998 <sup>d</sup>	\$ 341,500	\$ 30,600	8.91 %	8.91 %	100 %
	1999	370,400	29,700	8.03	4.50	178
	2000	383,600	30,800	8.03	4.50	178
	2001	405,100	32,700	8.03	3.04	264
	2002	454,500	36,600	8.03	3.04	264
	2003	424,700	34,200	8.03	8.03	100
Firemen's Pension Fund	1998	N/A	7,080	100	\$ 7,080	100
	1999	N/A	9,167	100	9,167	100
	2000	N/A	8,434	100	8,434	100
	2001	N/A	8,252	100	8,252	100
	2002	N/A	9,480	100	9,480	100
	2003	N/A	9,167	100	9,167	100
Police Relief and Pension Fund	1998	N/A	7,194	100	7,194	100
	1999	N/A	7,234	100	7,234	100
	2000	N/A	10,117	100	10,117	100
	2001	N/A	7,415	100	7,415	100
	2002	N/A	5,955	100	5,955	100
	2003	N/A	7,403	100	7,403	100

<sup>a</sup> Computed as the dollar amount of the actual employer contribution made as a percentage of payroll divided by the contribution rate, expressed as a percentage of payroll for the Seattle City Employees' Retirement System (SCERS). Not applicable to the Firemen's Pension and Police Relief and Pension because these plans primarily cover inactive participants and there are no current member contributions.

<sup>b</sup> The actual and required employer contributions for the SCERS are expressed as a percentage of payroll, after first recognizing \$12 per employee assessment made for the death benefits. This assessment per employee is included in the actual employer contributions reported and has been previously recognized by the actuary in determining the ARC.

<sup>c</sup> The City makes employer contributions as a percentage of actual payroll for SCERS as set in City ordinance. Thus, as long as the percentage equals the percentage required by the most recent actuarial valuation, the dollar amount of the Annual Required Contributions (ARC) is equal to the actual dollar amount of the employer contributions. The City ordinance does not permit a reduction in the employer contribution rate less than the employee contribution rate. Thus, the City's SCERS contributions exceeded the ARC for 1999 through 2001 and resulted in a negative NPO amount.

<sup>d</sup> ARC reflects the increased COLA benefits adopted in 1998.

The accompanying notes are an integral part of these financial statements.